

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**Office of Assured and Adequate Water Supply**  
3550 North Central Avenue, Phoenix, Arizona 85012  
Telephone 602 771-8599  
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Janet Napolitano  
Governor

Herbert R. Guenther  
Director

October 2, 2008

Ms. Cindy Ferrin  
Arizona Department of Real Estate  
2910 N. 44th Street  
Phoenix, Arizona 85018

**Water Report #53-700567.0000**

**Subdivision Name:** Show Low Mountain Ranch  
**Owner:** Show Low Holdings 307, LLC, an Arizona limited liability company and Universal Show Low Properties, LLC, an Arizona limited liability company  
**Number of lots:** 147  
**County:** Navajo  
Township 11 North, Range 22 East, Section 25

**Water provided by:** Watco, Inc.

**Water Type:** Groundwater

**Current water depth:** No Information Provided

**Estimated 100-year depth:** No Information Provided

**Current decline rate:** No Information Provided

**Basin:** Little Colorado River Plateau

Dear Ms. Ferrin:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, water quality, and financial capability. No information has been provided to the Department that indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-701 *et seq.* Therefore, the Department of Water Resources finds the water supply to be inadequate to meet the subdivision's projected needs.

Pursuant to A.R.S. §32-2181(F) a summary of the Department's report for those with an inadequate water supply be included in all promotional material and contracts for sale of lots in the subdivisions. We suggest the following synopsis:

**"Show Low Mountain Ranch subdivision is being served groundwater by Watco, Inc. The developer has chosen not to demonstrate a 100-year adequate water supply. The applicant has not demonstrated that the criteria for physical, legal and continuous availability, water quality, and financial capability have been met. Therefore the Department must find the water supply to be inadequate. For additional information please contact Rosemary Lopez, of the Office of Assured and Adequate Water Supply at (602) 771-8625."**

The developer, pursuant to A.R.S. §32-2181(F), may suggest a different summary of this report, but it must contain the above elements and/or the Department's findings.

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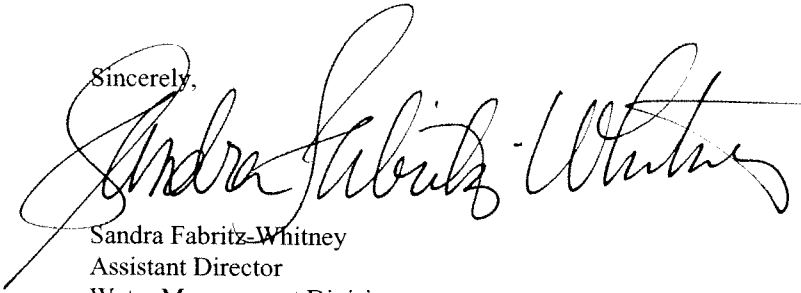
October 2, 2008

Water Report

Show Low Mountain Ranch subdivision

This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Navajo County Recorder is being officially notified of the developer's compliance with the law.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Fabritz-Whitney". The signature is fluid and cursive, with a large initial "S" and a long horizontal stroke extending to the right.

Sandra Fabritz-Whitney

Assistant Director

Water Management Division

cc: Navajo County Planning and Zoning  
Navajo County Recorder  
David Prusha, Universal Show Low Properties, LLC  
Rosemary Lopez, Office of Assured and Adequate Water Supply